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February 6, 2007

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Subject: Annual Report of the Old Age, Survivors,
Disability and Health Insurance Program

This report presents the status of the Old Age, Survivors, Disability and Health Insurance Program at December 31, 2006, as required by Section 105.440 RSMo. Information concerning both the State of Missouri and its participating political subdivisions is presented.

This report is being furnished in accordance with Section 181.100 (4) RSMo.

Sincerely,

A handwritten signature in black ink that reads "Thomas Sadowski".

Thomas Sadowski, CGFM, CPA
State Social Security Administrator

Enclosure

ANNUAL REPORT

of the

Old Age, Survivors, Disability and Health Insurance Program

For Calendar Year Ending December 31, 2006

**Office of Administration
Division of Accounting
Thomas Sadowski, Director
February 6, 2007**

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To the Members of the General Assembly
State of Missouri

This report presents the status of the Old Age, Survivors, Disability, and Health Insurance Program at December 31, 2006, as required by Section 105.440, RSMo. Information concerning both the State of Missouri and its participating political subdivisions is presented.

We will be glad to provide additional information upon request.

Sincerely,

A handwritten signature in black ink that reads "Thomas Sadowski".

Thomas Sadowski, CGFM, CPA
State Social Security Administrator

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Introduction

Federal-State Agreement

Prior to 1951, state and local governmental employees could not be covered by the Old Age, Survivors, Disability and Health Insurance of the Federal Social Security Administration. Passage of the 1950 Amendments to the Social Security Act allowed certain groups of state and local governmental employees' social security coverage on a contractual basis. The Social Security Amendments of 1954 provided more extensive coverage by permitting coverage of employees in positions under an existing state or local government retirement system effective January 1, 1955 through referendum procedures.

Coverage of state and local governmental employees differ basically from private industry and the self-employed in that participation in the social security program is extended pursuant to a voluntary contractual agreement entered into between individual states and the Commissioner of Social Security (formerly Secretary of Health and Human Services). Missouri's participation in the Old Age, Survivors, Disability and Health Insurance Program (OASDHI) was authorized by the 66th General Assembly with the passage of Senate Bill 3 (Section 105.300 through 105.440, Missouri Revised Statutes).

At one time, employees of political subdivisions could obtain social security coverage only under the terms of the State's Agreement. With the passage of Public Law 101-508 (The Omnibus Reconciliation Act (OBRA) of 1990), employees of a state or political subdivisions, including instrumentalities, who are not members of their employer's retirement system or whose services were not already covered under the State's Agreement became covered under mandate by Social Security on July 1, 1991.

State Agency for Social Security

Section 105.300 (11), RSMo 1986 designates the Office of Administration, Division of Accounting as the "State Agency" for the Social Security Administration. The OASDHI (Social Security) Unit of the Division of Accounting has been delegated the administrative responsibility which includes the following duties.

1. Depositing social security and Medicare contributions of state employees to OASDHI Trustee Fund Account and making proper remittance by specified due dates to the Internal Revenue Service.
2. Providing coverage information and acting as a liaison office between all state and local coverage groups and the Social Security Administration
3. Processing social security coverage applications of local political entities.

The handling of benefit claims and payments is not a function of the OASDHI Unit but is handled by the district social security office.

Coverage

The Missouri social security coverage agreement with the Commissioner of Social Security (formerly Secretary of Health and Human Services) provided absolute coverage. An absolute coverage group for coverage purposes is a permanent grouping of employees whose positions are not under a state or local retirement system when coverage is initially established. This included elective and appointive officers and employees of the state, members of the General Assembly, elective and appointive officers and employees of any covered instrumentality of either the state or such political subdivisions, and employees of a group of two or more covered political subdivisions of the state organized to perform common functions or services. Since 1951, the original Federal-State Agreement has been modified to exclude the following classes of employees:

1. As employees of the state, motor vehicle license agents, appointed by the Director, Department of Revenue who are compensated solely on a fee basis - effective 1/1/69.
2. Election officials or election workers earning less than \$1,300.00 annually – effective 1/1/2006.
3. Student employment at a public school, college or university while enrolled and regularly attending classes - effective 4/1/74.
4. Services compensated solely on a fee basis in positions of Township Collector, Township Ex-officio Assessor, County Public Administrator, and County Surveyor - effective 1/1/78.

In addition to modification exclusions mentioned above, the Social Security Act provides for the automatic exclusion of the following public services from coverage:

1. Services of employees who were hired to relieve them from unemployment.
2. Services performed in a hospital, home or other institution by a patient or inmate.
3. Covered transportation service (as determined under Section 210(k) of the Social Security Act, as amended)
4. Services performed by an individual as an employee serving on a temporary basis in connection with an unforeseen disaster, e.g., fire, storm, snow, earthquake, flood, or other similar emergency
5. Others. In addition, present federal law excludes the following from social security coverage:
 - a. Federal Retirement System - State or local governmental employees in positions subject to the Federal Civil Service Retirement Act prior to January 1, 1984.
 - b. Clergymen and Religious Orders - The wages of employees of the state or of local governments who are members of a religious order are excluded where a member of an order will perform services pursuant to a contractual arrangement between the order and a third party.
 - c. Foreign National - Services performed by nonresident alien temporarily in the United States as a nonimmigrant under subparagraph "F", "J", "M", or "Q" of Section 101(a)(15) of the Immigration and Nationality Act if the services are performed to carry out the purpose for which admitted to the United States.

Rate and Wage Base Table

Year	Combined Contribution Rate Percentage	Wage Base	Maximum Employer and Employee Contributions
1951-1953	3.00	\$ 3,600	\$ 108.00
1954	4.00	3,600	144.00
1955-1956	4.00	4,200	168.00
1957-1958	4.50	4,200	189.00
1959	5.00	4,800	240.00
1960-1961	6.00	4,800	288.00
1962	6.25	4,800	300.00
1963-1965	7.25	4,900	348.00
1966	8.40	6,600	554.40
1967	8.80	6,600	580.00
1968	8.80	7,800	686.40
1969-1970	9.60	7,800	748.80
1971	10.40	7,800	811.20
1972	10.40	9,000	936.00
1973	11.70	10,800	1,236.60
1974	11.70	13,200	1,544.40
1975	11.70	14,100	1,649.70
1976	11.70	15,300	1,790.10
1977	11.70	16,500	1,930.50
1978	12.10	17,700	2,141.70
1979	12.26	22,900	2,807.54
1980	12.26	25,900	3,175.34
1981	13.30	29,700	3,950.10
1982	13.40	32,400	4,341.60
1983	13.40	35,700	4,783.80
1984	14.00	37,800	5,292.00
1985	14.10	39,600	5,583.60
1986	14.30	43,800	6,006.00
1987	14.30	43,800	6,263.40
1988	15.02	45,000	6,759.00
1989	15.02	48,000	7,209.60
1990	15.30	51,300	7,848.90
1991 (Social Security)	12.40	53,400	6,621.60
1991 (Medicare)	2.90	125,000	3,625.00
1992 (Social Security)	12.40	55,500	6,882.00
1992 (Medicare)	2.90	130,200	3,775.80
1993 (Social Security)	12.40	57,600	7,142.40
1993 (Medicare)	2.90	135,000	3,915.00
1994 (Social Security)	12.40	60,600	7,514.40
1994 (Medicare)	2.90	All Wages	
1995 (Social Security)	12.40	61,200	7,588.80
1995 (Medicare)	2.90	All Wages	
1996 (Social Security)	12.40	62,700	7,774.80
1996 (Medicare)	2.90	All Wages	
1997 (Social Security)	12.40	65,400	8,109.60
1997 (Medicare)	2.90	All Wages	
1998 (Social Security)	12.40	68,400	8,481.60
1998 (Medicare)	2.90	All Wages	

Rate and Wage Base Table continued on next page . . .

Rate and Wage Base Table, continued...

Year	Combined Contribution Rate Percentage	Wage Base	Maximum Employer and Employee Contributions
1999 (Social Security)	12.40	72,600	9,002.40
1999 (Medicare)	2.90	All Wages	
2000 (Social Security)	12.40	76,200	9,448.80
2000 (Medicare)	2.90	All Wages	
2001 (Social Security)	12.40	80,400	9,969.60
2001 (Medicare)	2.90	All Wages	
2002 (Social Security)	12.40	84,900	10,527.60
2002 (Medicare)	2.90	All Wages	
2003 (Social Security)	12.40	87,000	10,788.00
2003 (Medicare)	2.90	All Wages	
2004 (Social Security)	12.40	87,900	10,899.60
2004 (Medicare)	2.90	All Wages	
2005 (Social Security)	12.40	90,000	11,160.00
2005 (Medicare)	2.90	All Wages	
2006 (Social Security)	12.40	94,200	11,680.80
2006 (Medicare)	2.90	All Wages	

*Wage base will increase according to average wage level increase

**Subject to rate and wage base

Employer and Employee Contribution Rate

Year	OASI (Retirement)	DI (Disability)	HI (Medicare)	Total
1990-1999	5.60%	.60%	1.45%	7.65%
2000 and after	5.49%	.71%	1.45%	7.65%

Cash Balance Statement OASDHI Trustee Fund Account

January 1, 2006 to December 31, 2006
(Established Under Section 105.390, RSMo 1986)

Balance – January 1, 2006	\$ 3,918.21	
Receipts:		
Contributions	286,610,680.50	
Sub-Total		\$ 286,614,598.71
Disbursements:		
To Internal Revenue Service	\$ 286,585,812.72	
Refunds to Employers & Employees	24,905.29	
Total Disbursements		286,610,718.01
Balance – December 31, 2006		\$ 3,880.70

Summary of State Coverage Agreements

Number of Entities	Class of Instrumentality
15	State Units
114	Counties
164	Townships
537	Cities
536	School Districts
133	Road Districts
111	Extension Councils
137	Water & Sewer Districts (Utilities)
97	Housing Authorities
58	Libraries
65	Ambulance Districts
49	Fire Protection Districts
38	Hospitals
71	Soil & Water Districts
30	Nursing Homes
14	Regional Planning Commissions
11	Junior Colleges
60	County Health Centers
65	Miscellaneous
2,305	